

Congress of the United States
House of Representatives

COMMITTEE ON OVERSIGHT AND REFORM

2157 RAYBURN HOUSE OFFICE BUILDING

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MEMORANDUM

September 25, 2020

To: Committee Members

Fr: Majority Staff

Re: Hearings on “Unsustainable Drug Prices: Testimony from the CEOs”

The Committee will hold two hearings on drug company pricing practices on **Wednesday, September 30, 2020, and Thursday, October 1, 2020, at 10:00 a.m. in room 2154 of the Rayburn House Office Building and over WebEx.**

I. THE COMMITTEE’S INVESTIGATION

In January 2019, under the direction of then-Chairman Elijah E. Cummings, the Committee launched a wide-ranging investigation into the drug industry’s pricing and other business practices. The purpose of the investigation was to determine why drug companies are increasing prices so dramatically, how drug companies are using the proceeds, and what steps can be taken to reduce prescription drug prices. The investigation focused on drugs that are among the costliest to Medicare Part D, including cancer drugs, best-selling blockbuster drugs, and treatments for rare diseases.

On January 29, 2019, Chairman Cummings convened the Committee’s first hearing of the 116th Congress to hear from experts about strategies drug companies use to preserve market share and protect pricing power. The first witness to testify before the Committee was Ms. Antoinette Worsham, whose daughter was a Type 1 diabetic who passed away at 22 years old after rationing her insulin because she could not afford her medication. Ms. Worsham spoke to the Committee about the tragic consequences of high drug prices on her family.

On May 16, 2019, the Committee held a hearing to examine drug manufacturer Gilead’s pricing for the HIV prevention drug Truvada for pre-exposure prophylaxis (PrEP). The hearing examined the significant taxpayer funding that led to the development of Truvada for PrEP.

On July 26, 2019, the Committee held a hearing to hear from patients about the devastating personal, financial, and health impacts high drug prices have on American families.

Over the past several years, drug companies have been aggressively raising prices on existing drugs and setting higher launch prices for new drugs. The 20 most-prescribed brand-

name drugs in the Medicare Part D program increased in price by an average of 12% every year from 2012 to 2017—approximately ten times higher than the average annual rate of inflation.¹ Between 2009 and 2018, retail prescription drug spending grew from \$249.5 billion to \$335 billion.²

High drug prices have negatively impacted patients and families. In 2019, out-of-pocket spending on prescription drugs reached \$82 billion.³ A study by the Kaiser Family Foundation found that nearly a quarter of people taking prescription drugs report that it is difficult for them to afford their medications.⁴ Nearly nine in ten Americans, and 85% of Republicans, support allowing Medicare to negotiate directly with manufacturers for lower drug prices.⁵

II. WITNESSES

Part I—Wednesday, September 30, 2020

Mr. Mark Alles

Former Chairman of the Board and Chief Executive Officer
Celgene Corporation
Celgene sold the cancer drug Revlimid until November 2019.

Dr. Giovanni Caforio

Chairman of the Board and Chief Executive Officer
Bristol Myers Squibb Company
Bristol Myers Squibb has sold Revlimid since November 2019.

Mr. Kåre Schultz

President and Chief Executive Officer
Teva Pharmaceutical Industries Ltd.
Teva sells the multiple sclerosis drug Copaxone.

¹ Democratic Staff, Senate Homeland Security and Governmental Affairs Committee, *Manufactured Crisis: How Devastating Drug Price Increases Are Harming America's Seniors* (Mar. 26, 2018) (online at www.hsgac.senate.gov/imo/media/doc/Manufactured%20Crisis%20-%20How%20Devastating%20Drug%20Price%20Increases%20Are%20Harming%20America's%20Seniors%20-%20Report.pdf).

² Centers for Medicare and Medicaid Services, *NHE Fact Sheet* (Mar. 24, 2020) (online at www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NHE-Fact-Sheet).

³ IQVIA Institute, *Medicine Spending and Affordability in the United States* (Aug. 4, 2020) (online at www.iqvia.com/insights/the-iqvia-institute/reports/medicine-spending-and-affordability-in-the-us).

⁴ Kaiser Family Foundation, *Poll: Nearly 1 in 4 Americans Taking Prescription Drugs Say It's Difficult to Afford Their Medicines, Including Larger Shares Among Those with Health Issues, With Low Incomes and Nearing Medicare Age* (Mar. 1, 2019) (online at www.kff.org/health-costs/press-release/poll-nearly-1-in-4-americans-taking-prescription-drugs-say-its-difficult-to-afford-medicines-including-larger-shares-with-low-incomes).

⁵ Kaiser Family Foundation, *What's the Latest on Medicare Drug Price Negotiations?* (Oct. 17, 2019) (online at www.kff.org/medicare/issue-brief/whats-the-latest-on-medicare-drug-price-negotiations/).

Part II—Thursday, October 1, 2020

Mr. Robert Bradway

Chairman and Chief Executive Officer

Amgen Inc.

Amgen sells the anti-inflammatory drug Enbrel and the chronic kidney disease drug Sensipar.

Mr. Mark Trudeau

President and Chief Executive Officer

Mallinckrodt Pharmaceuticals

Mallinckrodt sells the autoimmune and inflammatory disease drug H.P. Acthar Gel.

Mr. Thomas Kendris

U.S. Country President

Novartis AG

Novartis sells the cancer drug Gleevec.

Staff contacts: Amish Shah, Leesa Klepper, and Ali Golden.